

Message Text

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ACTION ARA-10

INFO OCT-01 ADP-00 SS-14 INR-10 EB-03 L-02 RSR-01 RSC-01

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R 081803Z AUG 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 4760

C O N F I D E N T I A L SAN JOSE 2808

STADIS-LIMDIS////////////////////////////////

E.O. 11652: N/A

TAGS: ETRD, PINT, CS

SUBJECT: ASSISTANCE OF INTER-AMERICAN BANK IN FEASIBILITY STUDY
OF CEMENTOS DE PACIFICO PROJECT

REF: SAN JOSE A-144, JULY 27, 1973

1. RAFAEL ZUNIGA, HEAD OF THE COSTA RICAN DEVELOPMENT CORPORATION WHICH WAS ASSIGNED THE JOB OF STUDYING THE CEMENTOS DEL PACIFICO PROJECT AND REPORTING TO THE COSTA RICAN LEGISLATURE, TOLD ME AT LUNCH TODAY THAT HE HAD BEEN TRYING TO GET TECHNICAL EXPERTS FROM THE INTER-AMERICAN BANK TO ASSIST THE CORPORATION IN ITS STUDY. WHILE IN WASHINGTON RECENTLY, HE DISCUSSED THIS MATTER PERSONALLY WITH OFFICERS IN THE BANK. THE ARRANGEMENT HE HAD SOUGHT TO PUT TOGETHER WAS A BID GRANT OF MONEY TO HIRE A TECHNICIAN, WITH THE CORPORATION CHOOSING THE ACTUAL EXPERT OR EXPERTS FROM LIST PROVIDED BY THE BANK. HOWEVER, HE WOULD CONSIDER EVEN A LOAN TO PERMIT ADEQUATE TECHNICAL ASSISTANCE.

2. THE COSTA RICAN LEGISLATURE HAS
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ASKED THE DEVELOPMENT CORPORATION TO

REPORT BACK TO IT ON ITS FEASIBILITY STUDY AS SOON AS POSSIBLE AND HOPEFULLY IN MATTER OF FEW WEEKS, LEGISLATIVE ACTION ON APPROVING THE PROJECT BEING HELD UP PENDING THIS FEASIBILITY STUDY (SEE SAN JOSE A-144). ZUNIGA WAS THEREFORE CONCERNED THAT HIS REQUEST FOR TECHNICAL EXPERTS DID NOT SEEM TO BE GETTING ANYWHERE, JUST GOING "ROUND AND ROUND". A FEW DAYS AGO A BANK OFFICIAL COMING THROUGH SAN JOSE GAVE HIM A PERSONAL MESSAGE, WHICH HE SAID THE BANK DID NOT WANT TO TELEPHONE TO HIM, TO THE EFFECT THAT THE MATTER HAD BECOME HUNG UP BECAUSE OF OPPOSITION FROM THE US EXECUTIVE DIRECTOR. ACCORDING TO THE STORY, THE LATTER HAD EXPRESSED CONCERN THAT VESCO MONEY MAY BE INVOLVED IN THE SCHEME AND THAT THE BANK SHOULD THEREFORE HAVE NOTHING TO DO WITH IT. ZUNIGA ASKED FOR NO SPECIFIC ACTION FROM US, ALTHOUGH I ASSUME HIS TELLING ME THE STORY WAS FOR THE PURPOSE OF ELICITING SOME HELP IN UNSNARLING THE PROPOSAL.

3. I WOULD APPRECIATE IT IF THE DEPARTMENT COULD DISCREETLY ASCERTAIN THE ACCURACY OF THE STORY. THE EMBASSY HAS NO INFORMATION OR REASON TO BELIEVE THAT VESCO IS INVOLVED IN THIS SCHEME. AS DEPT. KNOWS, ZUNIGA IS A MOST HONEST AND CONSCIENTIOUS INDIVIDUAL AND IS DETERMINED TO DO A GOOD JOB ON THIS FEASIBILITY STUDY. FACILITATING HIS WORK WOULD IN FACT DO MUCH TO CORRECT SUCH "PROMOTIONAL" AND "POLITICAL" ELEMENTS AS MAY EXIST IN THE PROPOSAL IN ITS PRESENT FORM, AND ASSIST IN RECASTING IT INTO A MORE REASONABLE AND EVEN SOUND PROJECT. I SHOULD THINK THEREFORE THAT IT WOULD BE IN OUR INTEREST TO HELP HIM DO THAT.

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4. IF THE EXECUTIVE DIRECTOR IS IN FACT CONCERNED OVER POSSIBLE VESCO INVOLVEMENT, I RECOMMEND HE BE INFORMED THAT THERE IS NO EVIDENCE THAT THAT IS THE CASE. IF POSSIBLE, I RECOMMEND WE ACQUIESCE IN BID ASSISTANCE TO THE DEVELOPMENT CORPORATION IN THIS FEASIBILITY STUDY. IF THERE ARE OTHER REASONS FOR OPPOSING IT, I WOULD APPRECIATE BEING INFORMED.

5. PLEASE PROTECT ZUNIGA AS SOURCE THIS STORY.
VAKY

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